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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: May 24, 2007

Elsner Claims Memory Loss

11. The former head of the Bawag bank, Helmut Elsner, appearing for a second time before the parliamentary inquiry into bank supervision in Austria, has claimed he cannot answer a number of questions because of memory loss following a recent heart bypass operation. Elsner faces charges of fraud and false accounting at the bank. He also refused to answer questions on the grounds that this could jeopardize his trial on those charges, which has been scheduled for July.

Reporting on former bank Bawag boss Helmut Elsner's appearance before the parliamentary inquiry into bank supervision in Austria, semi-official daily Wiener Zeitung also noted that the current Bawag chief, Ewald Nowotny, has waived Elsner's agreement to maintain the confidentiality of bank activities undertaken when he held his

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former position. During his first hearing before the parliamentary banking committee, Elsner had claimed bank confidentiality prevented him from answering most of the questions. Justice authorities in Vienna however, said the former banker must answer questions on some Bawag transactions and on a suspected bankruptcy. Elsner, who is currently in detention in Vienna awaiting his July trial, was released from a rehabilitation clinic in the province of Carinthia about two weeks ago following a heart bypass operation.

No Solution on Town Signs

12. A meeting yesterday between Austrian Chancellor Alfred Gusenbauer and Carinthian Governor Joerg Haider to discuss ways to resolve the controversy over bi-lingual town signs in Austria's southernmost province was not successful. Although Haider emphasized afterwards that his discussion with the Chancellor had been "highly constructive," he insists that any solution can only be based on broad agreement across party boundaries, according to ORF online news.

Putin in Vienna

13. All Austrian media continue to report on Russian President Vladimir Putin's official visit to Austria. Yesterday, Putin and Austrian President Heinz Fischer discussed a range of issues including human rights, economic relations and the status of Kosovo. Austrian media emphasized in particular that Putin said at a press conference that Russia must listen to criticism of his government's record on press freedom and democracy, but that he pointed out other

countries, including Austria, have also been noted for not always observing human rights. Austrian and Russian business leaders signed deals yesterday said to be worth more than three billion Euros. The Russian President will end his visit by laying a wreath at the Russian memorial on Schwarzenbergplatz later this morning. All Austrian media report extensively on the official visit to Austria of Russian President Vladimir Putin. According to semi-official daily Wiener Zeitung, Putin's visit resulted in billion-Euro deals, with about 30 companies concluding agreements worth about three billion Euros, but it brought no rapprochement on the issue of Kosovo. Like many Austrian media outlets, the daily emphasized the "open and fair dialogue" with Putin, and quotes the Russian President as promising Austria that its natural gas supply contracts with Russia were guaranteed in the long run, as existing agreements are valid until 2027. Similarly, mass-circulation tabloid Kronen Zeitung quoted Putin, who emphasized "Austria can count on Russia" when it comes to its gas supplies. In addition, the tabloid headlined "Austria trip is to reconcile Putin and the EU," and suggests that Brussels is hoping the Russian President's visit to Vienna will lead to an improvement of the EU's strained relations with Russia. Liberal daily Der Standard quoted Putin as admitting that Russia "needs to listen to the criticism it is facing." Still, the daily argues, despite the kind words and conciliatory tones, the Russian President remained tough on key issues. Putin also dismissed criticism from countries that "adopt a patronizing attitude towards Russia, something which Austria has not done." Centrist daily Die Presse focused on Putin's opposition to US plans for a missile defense system in Eastern Europe. The daily quotes the Russian President as warning against a renewed arms race and stressing that Europe "does not need any new weapons systems." There has been "no change in our position on the US system, and there won't be one, either, as we've not heard anything new from the Americans" on the issue, Putin said at a press conference.

Clinton Visits Vienna

14. Former US President Bill Clinton is to be the guest of honor at the AIDS Life charity gala in Vienna's Schoenbrunn Palace today. In addition, Chancellor Alfred Gusenbauer will present the former President with a one-million-dollar donation from Austria to the HIV/AIDS initiative run by the William J. Clinton Foundation. The former US President is also expected to attend the Vienna Philharmonic Orchestra's Concert for Europe at Schoenbrunn, wrote ORF online news.

US Calls For New Iran Sanctions

15. The United States said it will push for a new set of sanctions against Iran for defying UN demands to suspend its uranium enrichment program. The call came after the UN's nuclear watchdog released a report in Vienna yesterday saying Tehran was stepping up enrichment and obstructing inspections. The IAEA's Director General, Mohamed ElBaradei, has been criticized by Washington for appearing to suggest that Iran might have to be allowed some basic enrichment capabilities, Austrian radio noted. Reporting on developments in the controversy over Iran's nuclear ambitions, ORF radio in its early morning news program Morgenjournal quoted Iran's envoy to the IAEA as saying the IAEA Director General's assessment of Iran's enrichment capabilities should be accepted: "This is a very important point. As Mr. El Baradei has announced, America and Western countries should accept the new reality and adapt themselves to it." Meanwhile, in liberal daily Der Standard, foreign editor and Middle East expert Gudrun Harrer suggests that Tehran "is running out of time in the UN Security Council." The IAEA's latest report on Iran emphasized that for the Agency "certain aspects" regarding the goal and the specifics of the Iranian nuclear program still remain unclear.

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